

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-01 INR-10
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11
AID-05 COME-00 EB-08 FRB-03 TRSE-00 XMB-02
OPIC-03 LAB-04 SIL-01 OMB-01 AGRE-00 STR-07 /102 W
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R 281838Z AUG 78
FM AMEMBASSY BRIDGETOWN
TO SECSTATE WASHDC 6079
INFO AMEMBASSY GEORGETOWN
AMEMBASSY KINGSTON
AMEMBASSY PORT OF SPAIN

LIMITED OFFICIAL USE BRIDGETOWN 2418

E.O. 11652: N/A
TAGS: ECON, ELAB, PGOV, BB
SUBJECT: PRIME MINISTER COMMENTS ON LATEST WAGE SETTLEMENT AND
ECONOMIC TRENDS

REF: BRIDGETOWN A-12 OF 3/10/78

1. PRIME MINISTER TOM ADAMS, WHO IS ALSO MINISTER OF FINANCE,
GAVE AN AUGUST 26 PRESS CONFERENCE SOME ENCOURAGING NEWS ABOUT
THE BARBADOS ECONOMY, INCLUDING DETAILS OF A SETTLEMENT WITH
PUBLIC WORKERS, LOWR UNEMPLOYMENT FIGURES AND HIGHER FIGURES
FOR GOVERNMENT REVENUES AND FOREIGN RESERVES. ADAMS SAID THAT
FOREIGN RESERVES STOOD AT US\$38 MILLION AS OF AUGUST 24 AND
THAT GOVERNMENT REVENUES FOR THE FIRST HALF OF 1978 WERE US\$76
MILLION, A 24 PER CENT INCREASE OVER THE FIRST HALF OF 1977.

2. ADAMS EXPLAINED THAT THE HIGHER GOVERNMENT REVENUES MADE IT
POSSIBLE FOR THE GOB TO AGREE TO SALARY INCREASES FOR THE
ESTIMATED 16,000 CIVIL SERVANTS IN BARBADOS. THE 20 PERCENT
INCREASE FOR THE LOWEST PAID GOVERNMENT EMPLOYEES AND TEN PER
CENT INCREASE FOR THE HIGHEST PAID WILL ADD ABOUT US\$10.5
MILLION TO THE GOB'S CURRENT US\$60 MILLION ANNUAL PAYROLL
OVER THE NEXT TWO YEARS, ACCORDING TO ADAMS. THE MAIN
PUBLIC SECTOR UNIONS - THE BARBADOS WORKERS UNION AND THE
NATIONAL UNION OF PUBLIC WORKERS - ORIGINALLY ASKED
FOR A 30 PER CENT INCREASE OVER TWO YEARS WHILE ADAMS
CALLED FOR GENERAL WAGE RESTRAINT (REFAIR).

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CALLED FOR GENERAL WAGE RESTRAINT (REFAIR).

3. ADAMS ALSO TOOK CREDIT FOR NATIONAL STATISTICAL SERVICE FIGURES JUST RELEASED THAT SHOWED UNEMPLOYMENT IN BARBADOS DOWN TO 12.4 PERCENT FROM OVER 15 PERCENT A YEAR AGO. THE STATISTICS RELEASED INDICATE THAT THE BARBADOS WORK FORCE NUMBERS ABOUT 105,000 WITH 91,600 EMPLOYED AND OVER 13,000 UNEMPLOYED. ADAMS NOTED THAT THE UNEMPLOYMENT RATE WAS THE LOWEST SINCE 1971-72.

4. DESPITE THE GENERALLY GOOD NEWS, ADAMS WARNED CIVIL SERVANTS NOT TO GO ON SPENDING SPREES FOR COSTLY IMPORTED CONSUMER GOODS. HE URGED THEM TO GO ON A SAVINGS SPREE, INSTEAD, ALTHOUGH HE NOTED AT THE SAME TIME THAT CREDIT RESTRICTUIONS ON SMALL STOVES AND REFRIDGERATORS WOULD SOON BE EASED TO REFLECT THE GENERAL IMPROVEMENT IN THE ECONOMY.
EDDY

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